



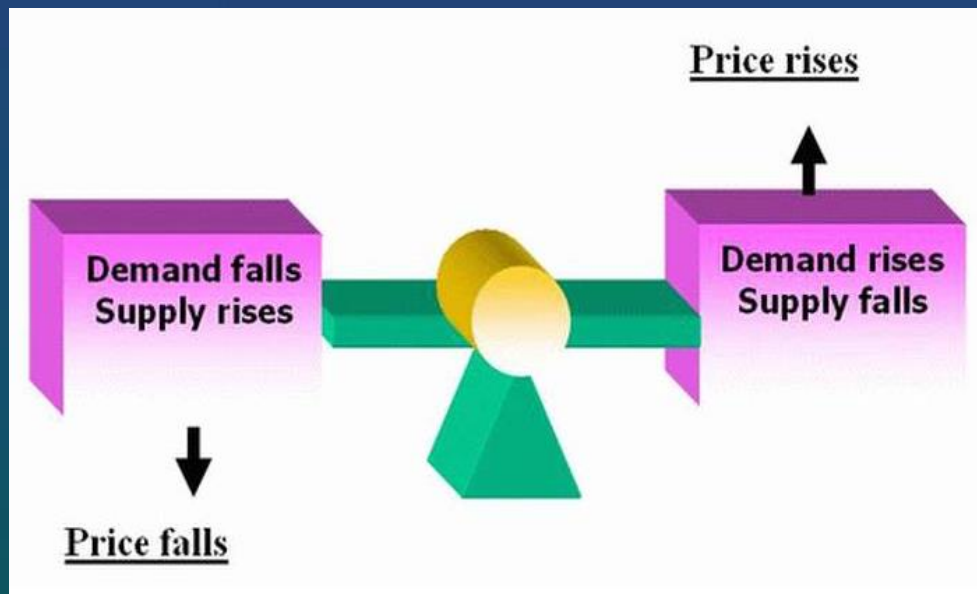
HOUSING FOR ALL

Missing Middle Report



Challenge – Limited Housing Stock

- Majority of housing stock is privately owned and subject to premarket forces.
- Housing challenge will only get worse if no action is taken.
- The Missing Middle - Income Earners are priced out



Why CHAT?

Community Housing Affordability Taskforce

CHAT was formed because concerned, sitting government and business leaders recognized the housing challenges our community is up against.

- Convened more than 20 meetings over the last year
- Partnered with the Affordable Housing Collaborative subcommittees / over 100 meetings
- Held 6 housing forums / over 625 attendees
- Sponsored polling
- Researched reports and studies
- Participated in the Chamber DC Fly – in / housing tract
- Commissioned a housing affordability plan for the missing middle income earners



Who Is CHAT?

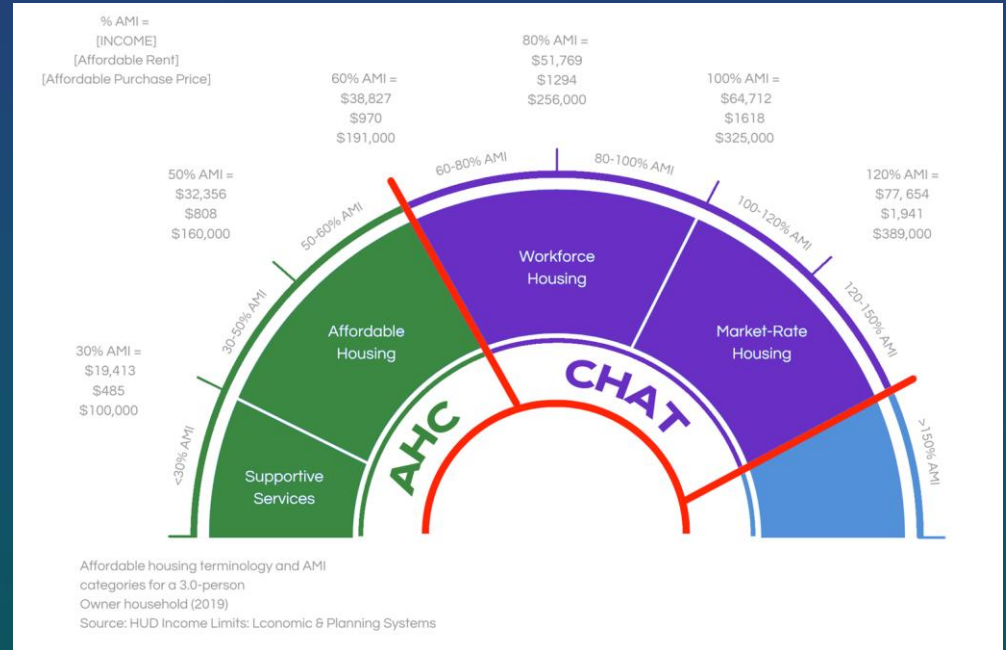
Community Housing Affordability TaskForce Members

- Housing & Building Association of Colorado Springs
- Colorado Springs Chamber and EDC
- Apartment Association of Southern CO
- Downtown Partnership
- Pikes Peak Association of REALTORS
- Affordable Housing Collaborative
- City of Colorado Springs Planning & Community Development



Missing Middle Definition

People who fall between 60 - 150% of AMI who, given their income, increasingly struggle to afford adequate housing within the existing housing inventory.



Who are the People?



“The American dream is about being able to lay roots, be involved in the community, have a place where kids can grow up and play outside and have the opportunity for them to have a career path here in their future. Colorado Springs offers all of that. The trick is for middle and upper middle-class families to be able to afford it.”

Kimberly and her husband Erin Gooch moved to Colorado Springs three-and-a-half years ago from Fort Rucker, AL



“Aging in place is critical, AARP says 98% of people want to age in place, and homeownership is critical to make that happen. We have a 2:1 ratio of homeowners to renters, those who own their own home have more security as they are aging.”

Dayton Romero of Silver Key helps seniors with financial assistance and navigation



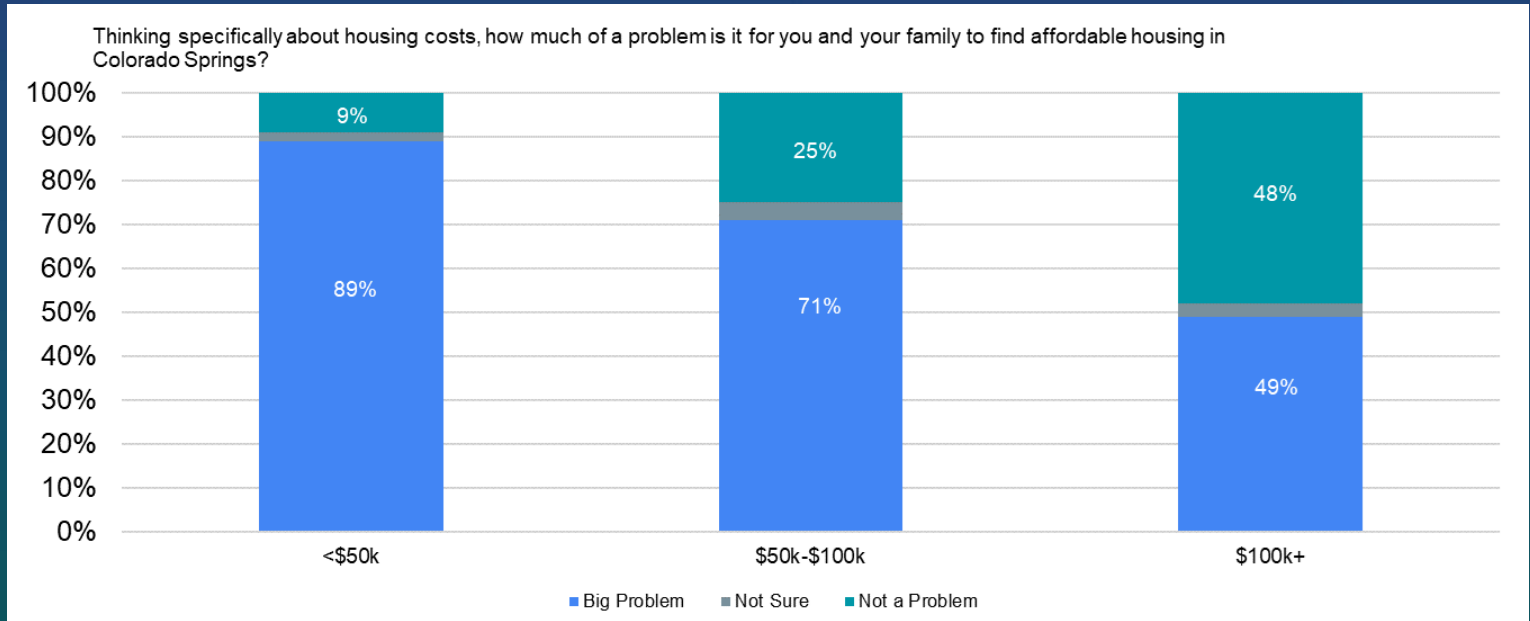
“Prices are out of reach, homeownership is becoming out of reach. It is extremely expensive to live in Colorado Springs, I own a business, I have grown up here, my husband and I both have stable jobs and we can’t afford to live here, and when all you can do is work to pay the bills and nothing else. It’s demoralizing, especially when there are other places that I could live that are more affordable. Elected officials need to make affordability a number one priority.”

Allison was born and raised in Colorado Springs; she and her husband returned in 2021



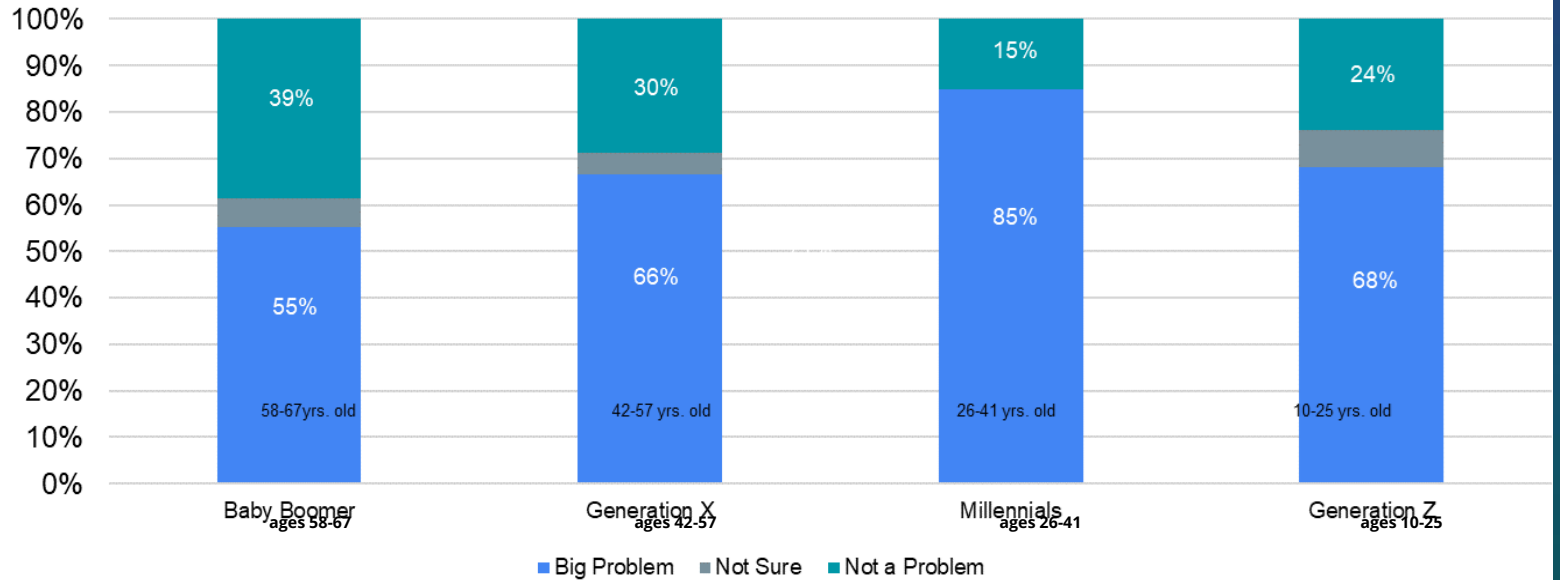
Polling Tells the Broad Story

“What is telling is that those in the “missing middle” (AMI 60-150), or household incomes of \$50,000 - \$100,000, believe housing costs are a big problem at 71%. Even voters making over \$100,000 believe housing costs are a big problem, 49%.”



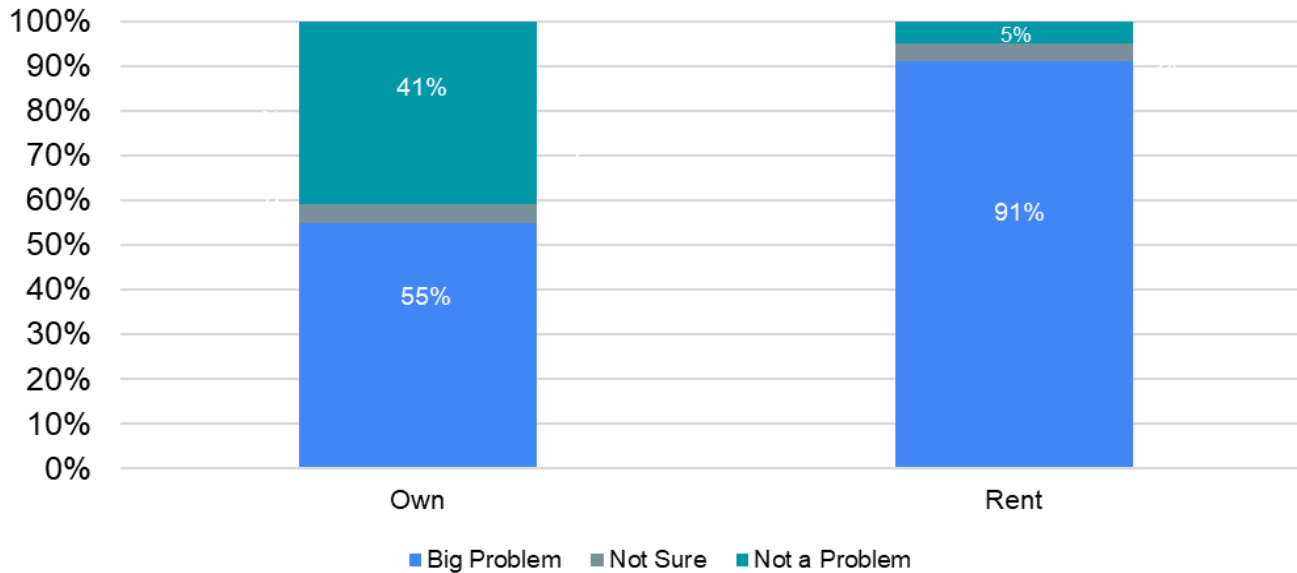
Polling by Generation

Thinking specifically about housing costs, how much of a problem is it for you and your family to find affordable housing in Colorado Springs?



Rentals

There is nearly universal agreement among those who rent that housing costs are a big problem. Half of homeowners say it is a big problem as well.



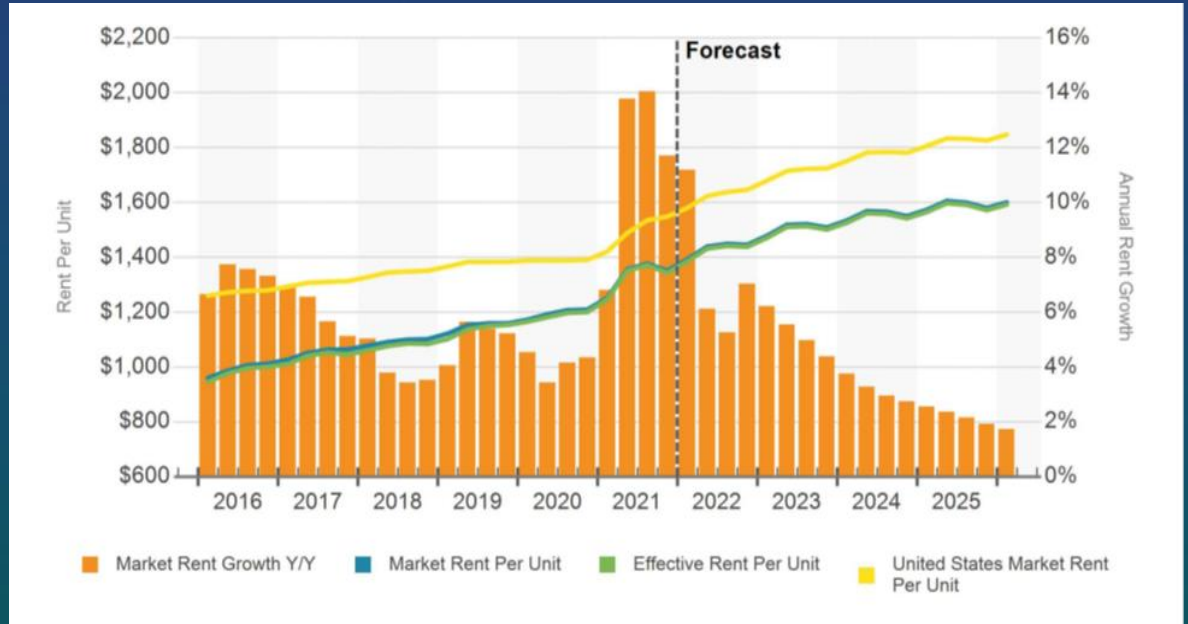
Challenge Easily Explained in 112 seconds



Rentals

Rentals are an important component of the solution

- Demand is high and as a result rents are high;
- Millennials and older Gen Z's - are not buying, they are renting (our children, grandkids, recent college graduates and even our seniors);
- Net migration from Denver to Colorado Springs, short commute, high pay, less cost;
- As home prices continue rising buyers are even less likely to afford to buy;
- With current supply, rent continues to rise due to demand;



All Housing is Good Housing – We Need More Homes

For Rent Developments Targeting “Missing Middle”

Mosaica & Kaleidos - Hancock Expressway and S. Circle Drive & S. Murray Blvd respectfully

- 373 for rent apartments total
- 1, 2, 3, 4 - bedroom units
- Maintain rents as low as possible
- Minimum annual rent increases to cover increased operating cost
- Own for 10 years to control rents
- No government subsidies used to minimize red tape and development delays
- Minimal amenities
- Expected Rents between 100% - 120% of AMI; bedroom starting at \$1,600 per month 1

Increased Construction Cost

- 2020 - \$44 million; 2022 - \$66 million
- Materials & Labor only - no increase in general contractor fee, development fee, or return to investors

Developer and General Contractor have fought to decrease cost via design, working with CSU and making alternative product selection working with subcontractors and suppliers.

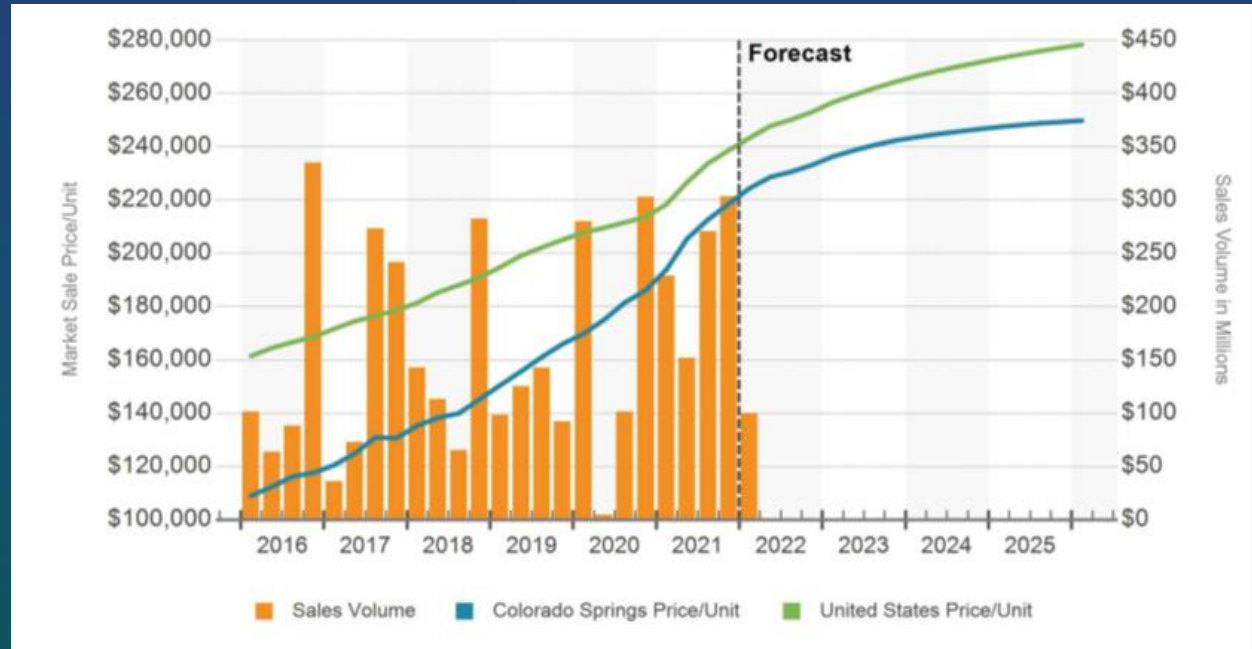
Increases in cost require a larger construction loan and therefore a larger debt payment. As a result, rents, our source of income, was forced to increase to cover the increased cost.

If you take out a larger mortgage you must have a larger income to make your monthly payments.



The Facts Behind the Problem

Price per unit for purchased units and additional cost to bring them to code.



Reality

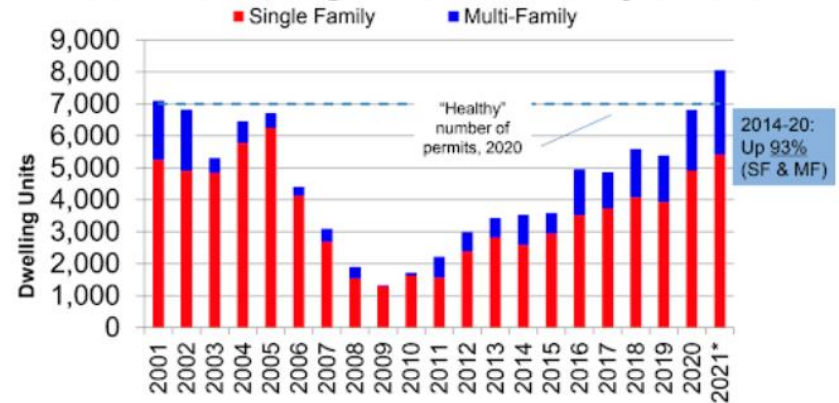
- Missing Middle pinch
- Since 2008 recession pace of building fell below the need
 - National problem - 5,000,000 units need
 - State problem – 225,000 units needed
 - Local problem - 12,135 units needed*
- Rental and homeownership: 280,000 total households; 95,000 are renting

2020 Census data

*Southern Colorado Economic Forum- Dr. Tatiana Bailey



Pikes Peak Single & Multi-Family Permits



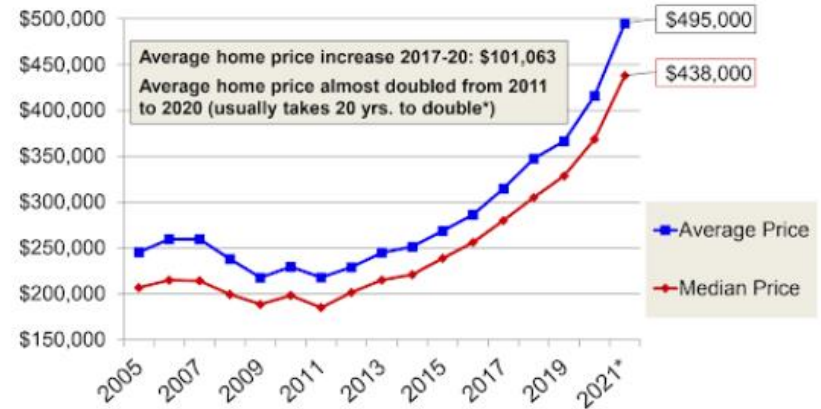
"Healthy permits" was revised up significantly in 2020 to 7,000 (from roughly 5,800) due to COVID-related growth and extremely low existing home supply. We will revisit healthy permits in 2021.

*Forecasts by UCCS Economic Forum with input from PPRBD, Classic Homes, and Keller Homes, Inc.
Source: Pikes Peak Regional Building Department. MF permits include duplexes, condos, and apartments (but not townhomes). 158

Why is this Happening?

- Work from anywhere phenomenon - COVID related move ins
- Millennial household / family creation
- Short term rentals
- Strong economy
- Baby Boomers retiring to Pikes Peak Region
- NIMBYism

Pikes Peak Region Annual Average & Median*
(Single-Family) New & Existing Home Prices



*Forecasts by UCCS Economic Forum with input from Cheri Fischer, Doug Stimple, Eddie Hurt, Harry Saltzman, Michelle Blessing and Zillow.

Source: UCCS Economic Forum; Pikes Peak REALTOR® Services, Co. (RSC). Doubling comment by Bruce Rabe

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We Need Solutions

- Can't do anything – YES, WE CAN
- Can't build our way out – HAVE TO (This is the ONLY way out and here's why)
- Middle income families are being priced out
- Young people are struggling to find affordable housing
- Jobs unfilled and companies thinking twice about moving here
- Move to YIMBY - Community education on the need and benefits of enough housing



U.S. Existing Sales Distribution, May 2021

\$0-100K	\$100-250K	\$250-500K	\$500-750K	\$750K-1M	\$1M+
5%	26%	42%	15%	6%	6%

Colorado Springs MSA Sales Distribution, May 2021

\$0-200K	\$200-300K	\$300-500K	\$500-800K	\$800K-1M	\$1M+
1%	5%	61%	26%	5%	3%

Note: U.S. sales are existing only; Colorado Springs MSA sales are for all single-family homes. Notice price categories are slightly different.

Sources: National Association of REALTORS®, Pikes Peak REALTOR® Services Corp. (RSC)

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Our Ideas at the Federal Level

- Lobby for a 40-year mortgage
- Work on lumber and other tariffs
- Practical consideration of energy and electrical codes – need vs. cost
- Expedited environmental regulation reviews - i.e., wetlands



Our Ideas at the State Level

Advocate for:

- Construction defect reform
- Regulatory of cost to housing
- ARPA funds
- Increase Tax Credits
- Homestead Transferability
- Practical consideration of energy and electrical codes – need vs. cost



Our Ideas at the Local Level

- Retool - allow more density and flexibility
- PlanCOS - encourage quality growth
- Encourage and empower infill and high-density projects
- HomeCOS - Implement identified strategies
- Rebate tap fees for affordable housing projects
- Identify land for product – City, County, School Districts, CS Utilities
- Code review and change – modular, 20 code changes today
- Ensure fee increases are studied and reviewed for the cost to housing
- Need more built lots/units
- Review plans quicker (not less quality - more quantity)
- Housing fiscal note to all new fees and ordinances
- Review parking minimums
- Encourage new city codes that allow for the market to change and evolve



Closing

Questions?

Thank you

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